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Amahlathi Local Municipality



FINANCIAL TURNAROUND PLAN

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1. PURPOSE

To devise a plan for financial turnaround of the municipality within a period of three years.

2. LEGISLATIVE FRAMEWORK

Municipal Finance Management Act, 2003.

3. BACKGROUND, FACTS, EXPOSITION AND PROPOSALS

The municipality's budget for the 2019-22 MTREF is currently unfunded. There are various factors that have resulted in the current cash flow position of the municipality which will be elaborated below.

The municipality experienced a fairly good cash flow position far back in 2012/2013 and 13/14 financial years. This however has eroded in the past four financial years.

The root cause of the current cash flow position that is unfavorable is mainly because of the following:

- Spiralling employee costs, emanating from, standardization and overtime costs.
- Decrease in the number of Wards due to demarcation, which has led to decrease in grant allocation has adversely affected cash flow of the municipality.
- Revenue collection which has been affected by various factors such as:
 - Community unrest which has negatively affected the provision of services and municipal operations.
 - Economic factors- public not prioritizing payment of rates and services due to the economic down turn and affordability.
 - Electricity losses due to electricity theft and old infrastructure.
- The municipality also entered into a finance lease for plant and equipment to the tune of R91 million. Unfortunately the contract was alleged to be invalid and by thus the municipality incurred fruitless and wasteful expenditure of the same amount.

There is an exhaustive list of root causes however not all of them will be mentioned upon in this document.

CASH AND CASH EQUIVALENTS

As a way of providing financial perspective, for six successive financial years the municipality has maintained the following balances in the call account:

YEAR END	BALANCE	% Increase/-Decrease
2017/2018	R6,922,101	-90%
2016/2017	R72,048,611	-32%
2015/2016	R105,825,424	-18%
2014/2015	R129,028,210	-15%
2013/2014	R151,594,446	3%
2012/2013	R147,502,574	7%

It is evident that the municipality has been budgeting on reserves for the past 4 financial years hence the drastic decrease in reserves. This poses a risk that the municipality may not be able to continue as a going concern if the situation is not remedied.

EQUITABLE SHARE

The table below depicts the Equitable Share allocations for the past five years:

FINANCIAL YEAR	ALLOCATION	% Increase/-Decrease
2018/2019	97,114,000.00	2%
2017/2018	95,446,000.00	-16%
2016/2017	113,780,000.00	-8%
2015/2016	124,034,000.00	18%
2014/2015	105,384,000.00	0%

The Equitable Share allocation of the municipality has decreased significantly on a year on year basis for the past three financial years. The allocation has decreased by R28 mil since 2015/2016 financial year. Put differently the past three financial years have seen a decline of 22% on average in nominal terms. This decrease in the allocation is one of the direct reasons why the municipality has been budgeting on reserves.

This will negatively affect the municipality's ability to carry out its legislative mandates of service delivery if interventions are not done to improve the allocations by National Treasury and the relevant transferring department.

OPERATING COST

The above analysis is supported by looking at the operating cost levels for the past six years:

YEAR-END	TOTAL EXPENDITURE	OPERATING	RAND INCREASE	% Increase
2017/2018		R267,065,374	R13,438,958	5%
2016/2017		R253,626,416	R20,268,248	9%
2015/2016		R233,358,168	R13,161,450	6%
2014/2015		R220,196,718	R45,770,944	26%
2013/2014		R174,425,774	R40,381,493	30%
2012/2013		R134,044,281	R15,816,641	13%

The increase in expenditure for at least **five** financial years has consistently been significantly above inflation. Revenue has obviously not grown at the same rate.

EMPLOYEE COST

As mentioned above the municipality has experienced spiraling employee related costs mainly due to standardization of salaries that was implemented in the 2016/2017 financial year. This means that a significant portion of the increase in employee cost is *outside the prescripts of the SALGBC agreements* and thus the expenditure incurred as a result of any increase outside the legal framework is classified as Irregular and Unauthorized Expenditure. Below is the depiction employee related cost for the past six years:

YEAR END	BALANCE	% Increase /-Decrease
2017/2018	R122,772,005	9%
2016/2017	R112,135,015	49%
2015/2016	R75,493,044	21%
2014/2015	R62,225,091	9%
2013/2014	R57,148,404	33%
2012/2013	R42,993,191	22%
2011/2012	R35,375,273	0%

From the table above it is clear that the employee cost in the municipality has been growing at a rate that is significantly above inflation. The increase is also not supported by any increase in revenue which is also a going concern issue in future years.

1. 2017/2018 FINANCIAL STATE OF AFFAIRS

During the 2017/2018 financial year the municipality experienced non-technical losses of 18.6%. This equates to R5 095 285. Obviously this figure is too high and management needs to devise strategies to minimize it. The municipality has advertised for services of performing meter audits to identify and rectify these losses. This is elaborated in the plan presented in the next section.

During the 2017/2018 financial year the municipality managed to spend 100% of its MIG expenditure. This progress was however regressed in the 2018/2019 financial year due to projects that stalled as a result of protest action that lasted for five months. The municipality therefore needs to improve in terms of its public participation processes.

As at 30 June 2018 the municipality had a balance of *R12 324 096.99 for creditors* due. This is opposed to a cash balance of R480 934.93 in the same period. This balance deliberately excludes unspent conditional grants and funds reserved for the Eskom guarantee as they are ring-fenced.

When the 2018/19 financial year began, the funds that were available for this financial year was then used to settle these liabilities meaning that the operations for 2018/19 ought to be reduced by the same amount in order for the municipality to meet all its obligations for the remainder of the financial year.

Furthermore in the same period council took a resolution to reinstate dismissed employees which had a financial implication of *R2.3 mil which was not budgeted* for. The 1st adjustment budget which was approved in August 2018 as a result was not cash-backed.

Below is a summary of the current annual budget after the 1st adjustment was approved:

Item	Original Budget 2018/2019	1 st Adjustment Budget 2018/2019	Movement
Revenue	208,324,055	208,324,055	-

Operating Expenditure	236,818,504	238,909,962	(2,091,458)
Surplus or (Deficit)	(28,494,449)	(30,585,907)	(2,091,458)
Capital Budget	31,572,300	31,572,300	-

The 2nd adjustment budget that was subsequently approved did try to deal with the issue of funding of the budget by reducing operational costs however employee cost still remained stubbornly high.

4. FINANCIAL TURNAROUND PLAN

The table below details various actions that the municipality commits to implement to ensure that it has a funded budget over the MTREF:

AMAHLATHI LOCAL MUNICIPALITY FINANCIAL TURNAROUND PLAN

SHORT TERM STRATEGY 6 MONTHS

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Internal monitoring committee				
i. Establish Interim Finance Committee	Amahlathi Administration	Provincial Administrator	i. Established committee	Once Off
ii. Determine Terms of Reference	Amahlathi Administration	Provincial Administrator	ii. Terms of Reference approved	Once Off
iii. Determine frequency of meeting	Amahlathi Administration	Provincial Administrator	iii. Frequency of meetings approved	Once Off
iv. Appoint secretariat for minute taking	Amahlathi Administration	Provincial Administrator	iv. Letter of appointment of secretariat	Once Off
v. Appoint a champion within the municipality to continuously monitor progress	Amahlathi Administration	Provincial Administrator	v. Letter of appointment	Once Off
Analyse 2014/15, 2015/16, 2016/17 and 2017/2018 actuals as part of budget line item analysis.				
Undertake budget and actual line item analysis for the 2014/15, 2015/16, 2016/17 and 2017/2018 financial years.	Amahlathi Administration	Administrator, MM, CFO, Manager Budget, S56/57 Managers	Any inefficiencies in expenditure identified addressed to be addressed in 1st adjustment budget and 2019/20 MTREF budget. Revised budget and budget baseline.	Once Off
Analyse, in particular, the following categories of expenditure in 2014/15, 2015/16, 2016/17 and 2017/2018 to identify possible inefficiencies, etc.: Employment costs, Contracted services, General expenditure and Free basic services	Amahlathi Administration		Any inefficiencies in expenditure identified addressed to be addressed in 1st adjustment budget and 2019/20 MTREF budget.	Once Off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
			Revised budget and budget baseline.	
Properties registered in Municipality's name				
i. Identify relevant properties	All wards	Director: Planning and Development	i. Schedule of properties	Annually
ii. Determine similar properties' rates.	All wards	Director: Planning and Development	ii. Schedule of average property rates	Annually
iii. Determine appropriate rentals.	All wards	Director: Planning and Development	iii. Valuation certificates	Annually
iv. Legal Services to draft lease agreement	All wards	Director: Planning and Development	iv. Lease agreements	Annually
v. Negotiate with legal advisor for reduced costs due to number of properties	All wards	Director: Planning and Development	v. SLA between LM and Legal Advisor	Annually
vi. Determine who can pay for transfer costs and who not.	All wards	Director: Planning and Development	vi. Schedule indicating who can pay transfer fees and who cannot.	Annually
Print and circulate Flyers with the help of communication for the Awareness programme for Credit Control Policy, Rates Policy and FBS Policy,	Locations(All Wards)	Budget and Treasury Office	Printed and distributed flyers	Quarterly Evaluation
Visit all top 100 businesses & Farmers owing 10 000-100 000 thousands in town and locations encouraging them to pay and submit the reasons for non-payment. Update the customers' details per erf /property ownership.		Mayor		Twice a year
i. Ensure a staff member is allocated to specifically reconcile business debtors and is fully trained.	All Businesses/Farmers	BTO	i. Letter of appointment	Twice a year

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
ii. Perform reconciliations on all Business and Farmers debtors	All Businesses/Farmers	BTO	ii. Actual reconciliations and letter stated that all government debtors have been reconciled	Twice a year
iii. Compile supporting documents	All Businesses/Farmers	BTO	iii. Files containing reconciliation together with all supporting documents for each government debtor.	Twice a year
iv. Visit each debtor	All Businesses/Farmers	BTO	iv. Submit attendance register for each visit and letter signed off that all debtors have been visited.	Twice a year
v. Compile an Agreement template between each business and farmers debtor and the municipality that inter alia states that if an amount is written off, it is done on the specific condition that all future payments must be made on time and in full. If not, then the amount written off will be added to the current account.	All Businesses/Farmers	BTO	v. Template approved by the Accounting Officer.	Twice a year
vi. Review of current Debt Collection Policy and Tariffs	All Businesses/Farmers	BTO / PT	vi. Council approved reviewed policies and cost reflective tariffs.	Twice a year
vii. Make use of debt collection policy and/or incentive scheme to negotiate deals (for example accepting full and final settlement offers).	All Businesses/Farmers	BTO	vii. Register indicating all deals negotiated during visits.	Twice a year
Identify and collect on the top 100 residential accounts owing municipality over 100 000-10 000 thousands for electricity whilst implementing the credit control policies).	All Residential	BTO		Twice a year
i. Ensure a staff member is allocated to specifically reconcile residential debtors and is fully trained	All Residential	BTO	i. Letter of appointment	Twice a year

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
ii. Perform reconciliations on 100 domestic debtors	All Residential	BTO	ii. Actual reconciliations and letter stated that all government debtors have been reconciled	Twice a year
iii. Compile supporting documents	All Residential	BTO	iii. Files containing reconciliation together with all supporting documents for each government debtor.	
iv. Visit each debtor	All Residential	BTO	iv. Submit attendance register for each visit and letter signed off that all debtors have been visited.	
v. Compile an Agreement template between each government debtor and the municipality that inter alia states that if an amount is written off, it is done on the specific condition that all future payments must be made on time and in full. If not, then the amount written off will be added to the current account.	All Residential	BTO	v. Template approved by the Accounting Officer.	Twice a year
vi. Review of current Debt Collection Policy and Tariffs	All Residential	BTO / PT	vi. Council approved reviewed policies and cost reflective tariffs.	
vii. Make use of debt collection policy and/or incentive scheme to negotiate deals (for example accepting full and final settlement offers)	All Residential	BTO	vii. Register indicating all deals negotiated during visits.	Twice a year
Incentive scheme				
i. Compile an Incentive Scheme	Business/Farmers/Households	BTO	i. Final draft Incentive Scheme	Twice a year
ii. Submit to Council for approval	Business/Farmers/Households	BTO	ii. Council approved Incentive Scheme	
iii. Determine how best to inform community of scheme	Business/Farmers/Households	BTO	iii. Approved communication campaign	Twice a year

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
iv. Implement the Incentive Scheme and enter into agreement with the debtor	Business/Farmers/Households	BTO	iv. Register indicating all agreements entered into and amounts written off. This register must be reconciled with agreement payments plus current month's debt.	Twice a year
v. Make sure any write-off is done on the condition that future accounts are paid on time and in full. If not, the debt written off will accrue to the account again.	Business/Farmers/Households	BTO	v. Register and supporting journals where written amount is added to the account. Accounting wise the amount to be written off can only be done once all conditions of the agreement have been fulfilled.	
Address electricity losses				
i. Establish accurate losses	All wards	Director: Engineering Services	i. Report indicating calculations for establishing accurate electricity losses	Monthly
ii. Determine reasons for losses	All wards	Director: Engineering Services	ii. Report by Director: Engineering Services on reasons for losses.	Monthly
iii. Address each reason	All wards	Director: Engineering Services	iii. Comprehensive report indicating corrective steps for each reason for the losses.	Monthly
iv. Consider prepaid meters for all users	All wards	Director: Engineering Services	iv. Report approved by Council.	Monthly
Follow ups and spot checks to be done regularly on disconnected properties	All wards	Director: Engineering Services	Report on spot checks conducted.	Monthly
Update contact details on SAGE submitted by REVCO upon tracing the debtors	All wards	BTO	Updated customer database	Monthly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Implement Supplementary Roll 6 2018/19	All wards	BTO	Increased revenue on property rates	once off
Follow up on the debt owed that is over 90 days and HANDED OVER to Debt Collector on identified consumers	All wards	BTO	Report on debt handed over by REVCO.	Once a year
Presentation of owed debt by the government institution, residential & businesses for monitoring to COGTA quarterly meetings	All Government Departments	BTO	Report on Debt owed by Government Departments	Monthly
Adherence to Budgeting planning and reporting processes(IDP, Budget) based on Activity Based costing input	Amahlathi Local Municipality	All Departments	Report on implementation of IDP/Budget Process Plan	Once off
Billing for the month and writes off the indigent debt monthly and municipal (Own)consumption	All wards	BTO	Monthly billing report	Monthly
Generate disconnection list	BTO	BTO	Disconnection list	Monthly
Fine consumers with tempered meters.	BTO	BTO	Report on meters found with tempering	Monthly
Captures meter (Electricity) readings consumption accurately. Update of new Connections on billing system, Issue exception reports e.g. no readings, no buying customers ,broken/faulty meters	All wards	BTO	System report	Monthly
Develop and Implement a Credit control Work Plan for disconnections of electricity with clear time frames for action ,submit to Engineering Department	All wards	BTO	Credit control work plan	Monthly
Update customers information of prepaid electricity customers and meter numbers, house numbers(Block meters that are not paying)	All wards	BTO	Accurate customer database	Monthly
Identify debt per town, collect and update the indigent register on FMS, ESKOM.	All wards	BTO	Monthly reports	Monthly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Capture new owners not on system. Allocate and monitor unallocated deposits.	All wards	BTO	Monthly reports	Monthly
Conduct a customer satisfaction survey in relation to service delivery performance levels	All wards	Strategic Services	Customer satisfaction survey with recommendations	Monthly
Establish Customer care unit. Review Customer care policy, develop customer care procedures, and report on customer queries and update customer details. Email customer statements.	All wards	BTO	Established customer care unit	Monthly
Disconnect all unpaid accounts based on list submitted by debt collectors and work plan(Include a 48hrs reconnection notice)	All wards	Engineering Services	Monthly reports	Once off
Establish a disconnection procedure on illegal disconnection, reconnection based on full payment to assist in management of overtime(Morning session- disconnection, Afternoon-reconnection)	All wards	Engineering Services	Monthly reports	Once off
Implement Electricity Master plan	All wards	Engineering Services	Monthly reports	Monthly
Convene a meeting with CoGTA, MISA, NERSA, Eskom with regards to KVA Demand charge(NMD)	All wards	Engineering Services	Monthly reports	Once off
Cost reflective tariffs with MISA,NERSA assistance for 2019/20 Budget	All wards	Engineering Services	Reviewed tariffs	Once off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Investigation of ESKOM Billing for usage and Tenants occupiers on Amahlathi Local Municipality properties	All wards	Engineering Services		Once off
i. Compile a register off all municipal rental stock	All wards	Planning and Development	Investment Register	Annually
ii. Establish who is currently renting the property	All wards	Planning and Development	Investment Register	Annually
iii. Determine current rental amount.	All wards	Planning and Development	Valuation Report	Annually
iv. Determine economical rental amount	All wards	Planning and Development	Valuation Report	Annually
v. Negotiate new rental amount with occupant and phase in ONLY if necessary	All wards	Planning and Development	Lease agreements	Annually
vi. Enter into new contract	All wards	Planning and Development	Lease agreements	Annually
Develop a strategy for energy savings on street lights	All wards	Engineering Services	Developed strategy to source funding	Once off
OPERATING COST				
Standardisation Process:				
Analyse cost implications of standardisation and rectify	COGTA	Administrator	i. Report of analysis of standardisation process ii. Legal opinion on the regularity of standardisation iii. Reduced employee cost	Once off
Determine excess capacity with a view of reskilling and reassigning that excess capacity.	Amahlathi Administration	Corporate Services	Monthly reports	Once off
Embark on a going paperless project and using mSCOA Records and information Management Module to improve management of information and records	Amahlathi Administration	Corporate Services	Developed and implemented records system	Once off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Decisively handle and finalize all levels of disciplinary cases	Amahlathi Administration	Corporate Services	Monthly reports	Once off
Review of the organogram	Amahlathi Administration	Corporate Services	Reviewed and implemented organogram	Once off
Conduct a Job Evaluation	Amahlathi Administration	Corporate Services	Job evaluation outcomes	Once off
To review the current organisational structure and align capacity to improve service delivery.				
Review and finalise the organisational structure consistent with this Plan, including drafting of job descriptions, profiles and reporting lines to allow for functional responsibilities to be performed.	Amahlathi Administration	Administrator and Corporate Services	1. Organisational structure refined and aligned to reprioritised municipal functions, service delivery mechanisms and IDP 2. Development of a new operating model for Amahlathi Local Municipality aligned with service delivery and financial imperatives. 3 Job descriptions showing reporting lines and competency profiles concluded. 4 Job evaluation and grading conducted and concluded. 5 Approved organisational structure implemented.	Once off
Draft structure submitted to Local Labour Forum (LLF) for consultation.	Amahlathi Administration			Once off
Submit the revised organisational structure to Council for approval.	Amahlathi Administration			Once off
Implement the approved organisational structure.	Amahlathi Administration			Once off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Development of placement and migration plan into the new structure for all employees	Amahlathi Administration			Once off
Limit Overtime to 40hrs per month	Amahlathi Administration	Corporate Services and Strategic Services	i. Report providing overtime details per department.	Quarterly Evaluation
I. Determine current amount per department			ii. With assistance of all departmental heads, determine maximum monthly need for overtime for all departments.	Quarterly Evaluation
ii. Determine need for overtime			iii. With assistance of all departmental heads, determine maximum monthly overtime for all departments.	Quarterly Evaluation
iii. Establish new maximum amounts per department			iv. Process flow approved by Administrator.	Quarterly Evaluation
iv. Develop and implement overtime authorization			v. Process flow approved by Administrator.	Quarterly Evaluation
v. Develop and implement a control system			vi. Process flow approved by Administrator.	
IT costs and effectiveness				
i. Fast-track access to the municipal financial system by all users			i. Contract entered into with service provider.	Monthly
ii. Procure IT equipment for employees as per needs analysis			ii. Specification approved by the Administrator and letter of appointment for supply of IT equipment.	Monthly
Reduction in Telephone Costs				
i. Monitor implementation of the VOIP system			i. Report indicating why, or why not, a VOIP system is required.	Once off
iii. Determine reduced monthly allocations			ii. Report on monthly allocations approved by the Administrator.	Monthly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Amendment of policy on subsistence and travelling ,limit all employees to travel 2 times a month on meetings, workshops and training and monitored by HOD's			Reviewed Policies	Quarterly Evaluation
Promulgate all by-laws relating to law enforcement and revenue collection.			Legal services	Quarterly Evaluation
Report issues of exception reports regarding establishment of new building sites. Develop a policy to implement the building regulations	All wards	Engineering Services	Monthly reports	Once off
Report on Identified residential stands that operates as business to be rezoned to revenue	All wards	Planning and Development	Monthly reports	Monthly
Submit town planning report to revenue of stands that have been subdivided and consolidation ,issuing encroachment report	All wards	Planning and Development	Monthly reports	Monthly
Develop a Traffic fines revenue enhancement plan	All wards	Community Services	Monthly reports	Once off
Develop a Fleet control and monitoring tool for all Vehicles and Trucks of Amahlathi Local Municipality e.g. petrol, service, licensing, wear and tear.(service delivery)	All wards			Once off
i. Monitor GPS tracking system reports and apply consequence management	All wards	All Directors	Monthly reports	Once off
BASIC SERVICE DELIVERY				
Upgrading of internal roads	All wards	Engineering Services	Monthly reports	Monthly
Compile a cemetery work plan to enhance revenue	All wards	Community Services	Monthly reports	Once off
Restructuring of the budget to address budget deficiencies and to restore the financial sustainability of the Municipality.				
Undertake a detailed line item budget analysis.	Amahlathi Administration		1. Credible budget base for 2018/19 adjustment budget	Quarterly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Review the actual performance of 17/18 budget	Amahlathi Administration	Administrator, MM, CFO S56/57 Managers	based on past and projected trends. 2. Strict controls over revenue and expenditure consistent 3. Savings in identified intervention areas and increase in actual revenue. 4. An adjustment budget that reflects realistically anticipated revenue and expenditure, austerity and cost cutting measures and cash funded budget. 5. Proper baseline for long term financial planning. 6. Unspent conditional grants ring-fenced and cash backed	Quarterly
Review the actual performance for the 1st six months of the 2018/19 budget.	Amahlathi Administration			Once Off
Review and amend the 2019/20 budget in relation to past and projected expenditure and revenue.	Amahlathi Administration			Once Off
Compile a 2019/20 adjustment budget in line with reviewed targets for realistically anticipated revenue and expenditure trends and ensure revised budget to be cash funded.	Amahlathi Administration			Annually
Adjust personnel budget to reflect actual posts, including the new key positions.	Amahlathi Administration			Annually
Austerity and cost cutting measures to be reflected in the 2019/20 adjustment budget.	Amahlathi Administration			Annually
Approved SDBIP for 2019/20 to be reviewed and finalised to reflect 2019/20 adjusted budget.	Amahlathi Administration			Annually
Approval of the Adjustments budget and revised SDBIP FOR 19/20 by Council	Amahlathi Administration			Annually
Revenue Enhancement: Revenue section to be fully operational				
Revenue section resourced, capacitated and fully operational to ensure effective and efficient systems and billing and collection processes.	Amahlathi Administration	Budget and Treasury Office, Corporate Services, Strategic Services and Administrator	1. Fully operational revenue management section. 2. Increase in collection levels. 3. Reduced billing queries.	Once off
Ensure IT systems are utilised fully to assist with revenue management and enhancement.	Amahlathi Administration			Once off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Revenue Enhancement: Increased billing/revenue base.				
Improve accuracy and processes to regularly update information from meter readers into billing system and distribution of accounts to consumers including through MMS	Amahlathi Administration	BTO	1. Increase in collection levels. 2. Reduced billing queries.	monthly
Revenue Enhancement: Increased billing/revenue base.				
Where there are no meters or meters are broken or have been tampered with.	Amahlathi Administration	Budget and Treasury Office and Engineering Services	1. Increase in cash 2. Improved revenue base. 3. Accurate meter readings on all accounts. 4. Reduction in distribution losses. 5. Increase deposits and deposits ring-fenced	
Revamping the meter reading processes to ensure correct meter readings are used for billing purposes.	Amahlathi Administration			monthly
Ensure a proper validation process is put in place.	Amahlathi Administration			monthly
Reduce estimation on accounts.	Amahlathi Administration			monthly
Improve communication with the public in terms of policies and processes.	Amahlathi Administration			monthly
Put a system in place to deal with illegal connections, including increased deposits	Amahlathi Administration			Quarterly
Revenue Enhancement:				
Review tariff policies and tariff adjustments to ensure that core services are rendered at least at a breakeven point.				

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Determination of the cost of rendering services and better understanding of why certain functions incur losses.	Amahlathi Administration	All Departments	1. True cost of current core services ascertained. 2. Trading services operating at a loss reviewed to realise a surplus. 3. Quantification of the revenue required to generate a surplus in the restructured budget. 4. Appropriate tariffs taking into account the need to increase surpluses, the cost of rendering the service and the affordability of tariffs to communities.	Annually
Revised tariff proposals that address the cost of rendering services but which are also affordable and sustainable and reflect value for the service obtained.	Amahlathi Administration			Annually
Compile procedures for the implementation of rates and tariff policies.	Amahlathi Administration			Annually
Consultation on all tariffs.	Amahlathi Administration			Annually
Amended tariff policies and by-laws drafted, adopted by Council	Amahlathi Administration	Budget and Treasury Office and Legal Services	1. Revised tariffs and policies adopted by Council, including bylaws. 2. Revised credit control processes	Annually
Introduction and implementation of new tariffs to support the MTREF Budget	Amahlathi Administration	Budget and Treasury Office	Revised tariff proposals that support the restructured and credible budget	Annually
Revenue Enhancement: Implementation of a Cash Management Strategy.				
Compile a cash-flow projection for the remainder of the current financial year upon completion of the 2019/20 budget, showing monthly projections	Amahlathi Administration	CFO, Budget Manager	Realistic and accurate cash-flow projection aligned to 2018/19 adjustment budget and commitments.	Quarterly
Compile a cash-flow projection in support of the MTREF Budget, showing monthly projections	Amahlathi Administration	CFO, Budget Manager	Accurate cash-flow projection aligned to MTREF Budget	Monthly
Management of the cash-flow on a daily basis with weekly reporting to the Administrator, MM and Management Meetings	Amahlathi Administration	Administrator and CFO	1. Improved cash-flow. 2. Progress towards achieving a positive cash	Weekly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Implementation of cost containment measures.	Amahlathi Administration	Administrator and CFO	coverage ratio by 30 June 2019, and three month coverage over the medium term. 3 Austerity measures implemented. § Pay off short term debt within the financial year § Savings in respect of non-essentials.	Monthly
Identify and engage with all arrear creditors and finalise payment arrangements.	Amahlathi Administration	Administrator and CFO	1. Meet with creditors to arrive at a new agreement that will be consistent with the availability of cash. 2. Reduced creditors' balances. 3. Continuation of services from external services providers	Monthly
Manage payments in accordance with revised agreements.	Amahlathi Administration	Administrator and CFO	Outstanding liabilities dealt with in terms of new agreements	Monthly
Ensure that all contracts are current, and review contracts that can be cancelled or delayed	Amahlathi Administration	Administrator and CFO	Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly
Implement suitable contract registers	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly
Standardisation of contract documentation	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Standard procedure for document drafting process	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Annually
Centralisation in finance of administration and monitoring	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly
All contingent liabilities to be investigated, a meeting held with claimants to address legal challenges and resolve amicably	Amahlathi Administration	Administrator, CFO and Legal Services	1. Resolution of contingent liabilities to the extent possible 2. Addressed in accordance with agreements with claimant	Monthly
Implement an effective grant management and monitoring system to ensure that conditional grants are used for their intended purposes only.	Amahlathi Administration	Administrator and CFO	1. Effective management of grants and unspent grant allocations. 2. System to ensure unspent grant monies can be identified at any time and are cash backed	Monthly
Assess competency of service providers and establish a database for grant allocation projects	Amahlathi Administration	All Directors		Annually
Implementation of the Revenue Enhancement Strategy. Short Term aspects of Revenue Enhancement.				
All revenue policies of the Municipality must be aligned and addressed in Municipal By-laws.	Amahlathi Administration	Administrator, CFO and Legal Services	1. Revenue related policies finalised and By-laws approved. 2. Implementation of revenue related policies and by-laws.	Annually
Implementation of revenue policies and bylaws.	Amahlathi Administration			Annually
Undertake a socio-economic study for the area.	Amahlathi Administration	Administrator, CFO and Legal Services	1. Increase revenue and improved cash flow. 2. Reduction in expenditure	Annually

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Optimise revenue by exploring all opportunities to increase revenue or reduce expenditure including review of all contracts and agency agreements	Amahlathi Administration	Administrator, CFO and Legal Services	where applicable. 3. All significant and long term contracts and leases reviewed.	Annually
Review and develop an Indigent Policy consistent with the financial and administrative ability of the municipality to sustain this policy.	Amahlathi Administration		1. Increase revenue and improved cash flow. 2. Correct allocation and billing of indigent consumers. 3. Alignment of equitable share and indigents at the municipality	Annually
Compile procedures for the implementation of the Indigent Policy.	Amahlathi Administration	Administrator, CFO and Legal Services		Annually
Approve the new Indigent Policy and draft By-laws giving effect to the Policy by Council.	Amahlathi Administration			Annually
Communicate the Indigent registration and procedures to customers and maintain records of Indigent applications in a safe place.	Amahlathi Administration	Administrator, CFO and Legal Services		Annually
Update the billing system.	Amahlathi Administration			Annually
Manage Indigent consumption according to free basic service and Equitable Share allocation.	Amahlathi Administration			Annually
Review and develop the credit control and debt collection policy consistent with the financial and administrative ability of the municipality to sustain this Policy.	Amahlathi Administration		Administrator, CFO and Legal Services	Annually
Compile procedures for the implementation of the credit control policy, links with meter reading and the billing system as well as the introduction of stricter measures for illegal connections.	Amahlathi Administration	Annually		
Approval the new credit control policy and draft by-laws giving effect to the Policy by Council.	Amahlathi Administration	Annually		
Enhance the customer care centre to implement the policy and deal with all debtor issues.	Amahlathi Administration	Administrator, CFO and Director:		Annually

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Improve communication between consumer and municipality.	Amahlathi Administration	Engineering Services		Annually
Develop and implement customer service charter.	Amahlathi Administration			Annually
Advise Councillors and Staff of their roles and responsibilities with regards to credit control and by-law enforcement	Amahlathi Administration			Annually
Review and implement service agreements with Customers to ensure alignment with consumption of services and deposits held by the Municipality for such services and consumption.	Amahlathi Administration		1. Increase revenue and improved cash flow. 2. Assistance and arrangements in place with the collection of outstanding debt.	Annually
Implementation of flat rate levy to consumers who do not have meters.	Amahlathi Administration		1. Flat rate tariff approved by Council. 2. Increase in revenue.	Annually
Implement meter maintenance.	Amahlathi Administration		1. Accurate billing. 2. Reduction in averaging consumption and resultant reduction in electricity distribution losses	Annually
MEDIUM TERM STRATEGY 6-18 MONTHS				
Perform a comprehensive deed search, reconciliation and link them with the FMS of land parcels. Perform a comprehensive deeds search of land parcels, reconciliation and link them with the GVR, GIS, SG, when compiling Supplementary Valuation roll.	All wards	BTO	Monthly reports	once off
Develop a Billboard policy , investigations of current Billboard	All wards	Planning and Development	Developed and implemented Billboard policy	Once off

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Source funding to Develop and implement of Roads and Storm maintenance plan, and	All wards	Engineering Services	Monthly reports	Once off
Develop a Payment plan of Creditors including Overdraft(CASHFLOW)	Amahlathi Administration	BTO	Signed payment plans	Monthly
Develop and Monitor a Litigation Register	Amahlathi Administration	Legal Services	Litigation register	Monthly
Support SMME's to improve the employment	all wards	Planning and Development	Monthly reports	Monthly
Develop a monitoring tool to ensure sustainability of Local Economic development projects	All wards	Planning and Development	Monthly reports	Monthly
Indigent register should be an entry point for all poverty alleviation programmes and skills development	All wards	Planning and Development	Monthly reports	Monthly
Develop and Determine Service Delivery levels per Town(quick wins)	All wards	Engineering Services	Monthly reports	once off
LONG TERM STRATEGY (18-36 MONTHS)				
Future or Long Term Planning (Municipal Development)				
Develop and update all Sector Plans.	Amahlathi Administration	All Departments	Monthly reports	Mid-term Evaluation Q2 2019/20
Develop a Municipal Development Strategy based on various Sector Plans through consultations and engagements with internal and external Stakeholders.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Asset Management Master Plans				
Development of a long term asset management master plans that will look into long term investments, replacement, maintenance and sustainability of the municipality, amongst others	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Audit of current infrastructure to determine state, taking into consideration service backlogs and long term strategy aligned to IDP, budget and long term financial plan	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Electricity				
Development and updating of repairs and maintenance plan for electricity.	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Installation of bulk electricity meters to determine the exact amount of distribution losses.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Continue the program of identify consumers with no meters or faulty and tampered with meters and prioritise repairs of faulty meter and installation of new meters to un-metered consumers.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Fleet Management: Replacement of fleet, fleet management and fuel management				
Develop Vehicle and Plant Replacement Plan.	Amahlathi Administration	Corporate Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Identify Vehicle replacements for at least the next three years.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Financing of the Plan in place.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Implementation of plan	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Investigate and identify the best possible system for fleet and fuel management.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Implement system	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Roads and Storm water: Allocation of Function and Maintenance. Rehabilitation of Ageing Infrastructure.				
Assess ownership and responsibility for roads in relation to National, Provincial and District responsibility.	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Develop and implement a Roads and Storm water Maintenance Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Development of Roads Rehabilitation Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Implementation of Roads Rehabilitation Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Implementation of the Revenue Enhancement Strategy. Medium to long term aspects of Revenue Enhancement.				Mid-term Evaluation Q2 2019/20
Prioritise repairs to faulty meters and installation of new meters to un-metered consumers.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Introduce a process to confirm readings and verification of accuracy in bulk meters for bulk water and electricity consumption.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Continuous improvement in the manner in which communication with consumers is undertaken	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Regular review of operations to ensure elimination of wastage and inefficiencies including looking at the way in which services are rendered	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Continuous update of data and information relating to consumers.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Cleansing of the database, updating land ownership records, postal addresses, updating Indigent records, reviewing tariffs for correctness, different category of consumers and re-zoning, undertake house-to-house surveys and incorporate updated information.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Review of municipal property portfolio.	Amahlathi Administration	Planning and Development	Monthly reports	Mid-term Evaluation Q2 2019/20
Undertake a complete property audit and review of all leases.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Review the possible sale of municipal properties.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Investigate and where possible terminate leases where municipality is lessee.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Investigate and increase where possible rentals where municipality is lessor.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 2019/20
Source funding for 100% conversion and upgrading of electricity meters	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Transfer and Servicing of the Eskom Area	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Human Resource and Capacity building	Amahlathi Administration	Corporate Services	Monthly reports	Mid-term Evaluation Q2 2019/20
Upgrading of Electricity Vending to be mobile on consumers, and ATM purchase	Amahlathi Administration	BTO	Monthly reports	Mid-term Evaluation Q2 2019/20
Establish a Revenue Protection Unit for meter inspection ,disconnection and reconnection	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 2019/20
RISK MANAGEMENT				

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE
Update of operational and strategic risk registers	Amahlathi Administration	All Departments	Monthly reports	Mid-term Evaluation Q2 2019/20
mSCOA Scope of work review and project plan	Amahlathi Administration	BTO	Monthly reports	Mid-term Evaluation Q2 2019/20

5. CONCLUSION

Upon approval by council the plan will be regularly monitored and reports on implementation will be tabled to council quarterly.